revised and issued on April 20, 2007. The Guidelines enunciate the broad principles for undertaking derivative transactions. The emphasis is on the proper risk management framework and appropriate corporate governance practices. The focus is also on 'suitability' and 'appropriateness' of derivative products being offered by market-makers to customers (users) as also 'customer appropriateness'. The guidelines also cover extant instructions relating to rupee interest rate derivatives. Further, Prudential Norms for Off-Balance sheet exposure of banks were prescribed in August, 2008.

Increase in gas prices from KG Basin

*52. SHRI MOINUL HASSAN: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government is considering a revision of gas price of Reliance Industries Ltd. (RIL) as and when the gas is a available from its KG Basin;

(b) whether the RIL is lending pressure on Government to raise the gas price at 4.20 dollars per unit based on global crude price of dollars 60 per barrel;

(c) whether ONGC is supplying gas at a price 2.2 dollar per unit; and

(d) if so, what is the basis of RIL's demand for raising gas price at 4.20 dollars per unit?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA): (a) to (d) The Production Sharing Contract (PSC) provides for pricing of gas on the basis of sales on arms length principles. The formula or basis on which the prices shall be determined for the purposes of determining the Government take is required to be approved by the Government prior to sale of natural gas to the consumers/buyers. Accordingly, Reliance Industries Limited (RIL) submitted a proposal on 18.5.07 for approval of gas price formula which was arrived at by following a bidding process.

The Government constituted an Empowered Group of Ministers to consider issues relating to pricing of natural gas produced under the New Exploration Licensing Policy (NELP) regime. It has been decided therein that the provisions of the NELP PSCs should be honoured. The price basis/formula for the purpose of valuation of natural gas has been approved by the Government in case of block KG-DWN-98/3 of RIL/Niko. The price obtained from the basis/formula comes to US$4.2 per million British thermal unit (MMBTU) for crude price greater or equal to US$60 per barrel.

Oil and Natural Gas Corporation Limited (ONGC) is supplying gas production from the nomination blocks at a price of Rs. 3200 per thousand cubic metre to the consumers of Fertilizer and Power Sector which is equivalent to US$ 2.02 at an exchange rate of Rs. 40 to one US$. This price was fixed by the Government under the Administered Price Mechanism in the Year 2005.

Credit Cards

*53. SHRI JAI PRAKASH NARAYAN SINGH: Will the Minister of FINANCE be pleased to state: